

## **Remarks**

### **Declaration of Inventors**

The declaration of the inventors has been objected to as not referring to any amendments made between filing and the date of signature of the declaration. Since no such amendments were made this appears moot. If the Examiner believes this is still needed in view of the complete absence of any intervening amendments, then a substitute declaration will be provided.

### **Cancellation of Prior Claims**

The Applicants' have elected to cancel the prior claims. This is done without prejudice to or acquiescence in the rejections made. The new claims presented are believed to clarify and demonstrate the non-obvious nature of the invention while also avoiding the concerns expressed in the Office Action.

### **Withdrawal of Claims Previously Presented**

Although applicants may not agree with the restriction made, it is being taken into consideration in the new claims presented herein. The withdrawal does not explain what the original claims are characterized by for purposes of the restriction. Thus applicants do not know what characterizes the elected claims for purposes of the restriction. The new claims presented herein are directed to the original claims to the very limited extent the restriction is explained and understood.

### **Discussion of Rejections Given in Office Action and Applied Prior Art**

The applied reference in making the rejections under §103 of the Patent Acts is U.S. Patent No. 5,883,810 to Franklin et al. (hereinafter referred to as the Franklin Patent for convenience). The Franklin Patent teaches a different approach to purchasing over the internet and does not prevent fraudulent use of the account, instead it merely limits the exposure to a single or few incidents as described therein.

Franklin still transmits via the internet using a proxy card number in the same format as a common charge card account number. This is for use instead of an account number that the holder of the account does not know and apparently only exists in the issuing bank.

The essence and proper interpretation of Franklin is that it is merely issuing short term charge account numbers. These short term charge account numbers are used once or a few times as indicated by Franklin. Franklin also discusses added security by linking the transaction to information obtained from the customer during the process of issuing the proxy account number. The only information indicated is for comparing the merchant identification and amount of charge when the merchant calls for verification via proprietary networks.

In all implementations described in the Franklin Patent the limited use card number or transaction number is transmitted via the internet from the issuing bank to the customer. This renders the card number subject to interception and misuse.

The same number transmitted from the bank to the customer is also again being subjected to inception and misuse because it is further transmitted via the

internet from the customer to the merchant. The number being transmitted from the bank to the customer and from the customer to the merchant using the internet provides fraud enabling information.

The number is a proxy charge card number. An astute criminal can intercept this number and use it quickly in another transaction. For example, the criminal may intercept the proxy card number and then effectuate a charge before the rightful customer completes his or her shopping using the proxy card number. This particularly is a problem where the customer does not know the merchant and amount at the time the customer receives the proxy card number. Since this is likely to be the bulk of the transactions, Franklin does not practically solve the problem.

Franklin explains this itself at Col. 2, lines 56-67 which reads:

The online commerce system substantially reduces the value of a stolen number since the transaction number that is transmitted over the Internet (or other network) is only a proxy number for a single purchase. (emphasis added)

Franklin indicates that value is reduced to what is authorized for a single purchase. However, the full value authorized in advance by the bank is at risk. The person who has decided to pay off another account or purchase an object for the full credit value available would be authorized under the Franklin scheme even if it is a fraudulent imposter who has read from public internet files containing the fraud-enabling proxy number. This proxy number is transmitted over the internet for possible interception at two stages and at unknown transmission nodes therebetween.

Although Franklin purports to solve the fraud problem, it does not do so. Instead, it reduces risk and severely inconveniences the customer. In advance of every shopping attempt the customer must get an authorized proxy card number that may only be good for a period of 30 minutes. Thus, the customer may be left repeatedly going back to the bank and seeking new proxy card numbers before even one product is successfully purchased. This is quite simply impractical and will not be tolerated by most customers.

The Applicant's claimed and novel methodology does not require ANY EXPOSURE OF ANY FRAUD-ENABLING INFORMATION VIA THE INTERNET. Franklin does not accomplish this important advancement. Applicants' invention provides a method that allows the entire transaction to occur over the internet without using any actual or proxy charge number that can be intercepted and used. It does this by a technique that is a significant and patentable invention and discovery which provides surprising results in that internet purchasing can be rendered truly secure.

As the Examiner indicated, many attempts have been made to provide secure purchasing over the internet. This invention accomplishes what the others have failed to do in a procedure that is relatively easy for the customer, bank and merchant to implement.

In the Applicants' recited method the unusable transaction number which results from the customer/merchant exchange then is tied to one particular transaction between the selected merchant and to the authenticated customer. To the Applicants' knowledge no other approach has this combination of features and no other approach

provides truly secure internet purchasing and payment transactions. Encryption techniques merely make fraud more difficult, but history has proven that almost any encryption technique may be broken. Once the encryption from the bank is broken, then a fraud artist may be in a position to watch proxy numbers come from the bank and be setup to immediately use the available credit for the one transaction or possibly more depending on the rights specified.

In the Franklin Patent, the customer authentication is done prior to releasing the proxy charge card number. The proxy charge card number is then attributable to the customer and **transmitted over the internet from the bank to the user.** This is done in a session where a PIN is likely used and such a PIN is also capable of interception. Once the proxy card number is sent over the internet it can be used by anyone until the prescribed time expires or other conditions are met. The prescribed time indicated as preferred is 30 minutes to 2 hours. This is more than ample time to allow success to a scheming internet thief who is ready to intercept the proxy numbers and effectuate fraudulent charges using them.

The Franklin Patent has great emphasis on keeping the time period short. This necessarily has a dramatic effect on the convenience and consumer acceptance of this approach.

Franklin at Col. 4, line 53, reads:

The issuing bank 26 issues the transaction number to the customer to use as a proxy for the real customer account number. The transaction number resembles a real account number. In the case of a credit card for example, the transaction number and real customer account number are both 16-digit, mod 10, numbers identically formatted with four spaced sets of 4-digits. To the customer (and every other participant in the transaction), the transaction number appears to be a **valid credit card number**. (emphasis added)

In fact these proxy numbers are valid credit card numbers waiting to be used within the allowed time. In some embodiments, the numbers are limited to only one use. In other described embodiments the proxy cards numbers are multiple use and limited in time. These are simply credit card numbers sent over the internet which are subject to possible interception with a budget that may be limited, a time utilization period that is limited, and in some situations limited to a merchant and amount being charged.

The novel and non-obvious methods defined by the claims pending in this application are believed to fully meet the requirements for patentability under §103.

#### Discussion of New Claims

Claim 54 is the first main claim. It is consistent with the invention of original claims 1-27. The common subject matter includes the concept of leaving the merchant without an account number and missing some of the order information

needed to complete the sale. In claims 1, and 2-14, the missing information was delivery address information. In original independent claim 15 the language of the claim includes delivering a first part of the order information from the customer computer to the merchant computer and delivering a second part of the order information to the merchant from the bank computer over the internet. The remaining original claims were dependent upon claim 15.

Claim 54 is non-obvious in light of the prior art. It recites that the merchant order file is incomplete. It also indicates the customer order file has additional information. It further recites that there is no communication of a customer account number over the internet. The bank does an authentication analysis on the customer and then is prepared to provide the needed information to complete the merchant's processing using variable order information the merchant does not have.

The method of claim 54 includes assigning a transaction identifier. However, this transaction identifier is created by the customer, merchant or both. It is not created by the bank with attendant credit rights which can be intercepted and used by a fraud artist. The transaction identifier is communicated to the bank with additional order information needed to complete the transaction.

Claim 54 further defines non-obvious subject matter because it recites communicating between the bank computer and the merchant computer via the internet with the bank computer providing a plurality of said order variables which are not included in the merchant order file. In Franklin the bank and merchant

communicate via a proprietary authorization and payment system the same as used for regular charge card transactions.

Applicants have invented a novel and non-obvious approach and claim 54 and its dependent claims 55-61 are believed not obvious and hence patentable as required under the provisions of §103.

Claims 55-61 are dependent upon main claim 54 and are allowable for the reasons given above for the patentability of claim 54. Each is additionally allowable because of the added language provided therein.

Claim 55 additionally recites that the identification inquiry between the bank and customer involves use of at least one verification or authentication field which changes with each transaction. This is not described in Franklin.

Claim 56 states that the identification inquiry involves plural verification or authentication fields at least one of which changes with each transaction conducted by the customer.

Claim 57 additionally recites that an identification inquiry between the bank computer and the merchant computer which uses plural verification or authentication fields at least one of which changes with each transaction.

Claim 58 recites in addition to the language of claim 54 an additional step having aspects which render it non-obvious. The added step includes conducting an identification inquiry between the bank computer and merchant computer via the internet using plural verification or authentication fields, a plurality of such fields



changing with each transaction. Such a combination of steps having the recited aspects or features are not obvious from the prior art.

Claim 59 further recites that the customer computer assigns the transaction identifier. Claim 60 recites that the merchant computer assigns the transaction identifier. Claim 61 recites that the customer and merchant computers both perform in assigning the transaction identifier.

The second group of claims includes main claim 62 and dependent claims 63-74. These claims are allowable because the combination includes communicating between a customer computer and a merchant computer via the internet. Also recited is assembling order information between the customer and merchant computers. Further recited is assigning a transaction identifier during the communicating and assembling order steps. The combination further includes conducting an identification inquiry between the customer computer and bank computer via the internet. This is followed by communicating between the customer computer and the bank computer over the internet involving a plurality of order variables.

Additionally the combination of steps includes communicating between the bank computer and the merchant computer a plurality of order variables not previously known to the merchant which allow the merchant to reject or fulfill the order.

The combination of methods steps recited in claim 62 is not shown, taught, or suggested by the prior art. Allowance of claim 62 is believed appropriate and is respectfully urged.

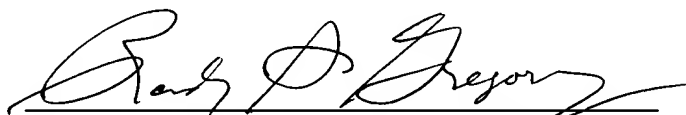
Each of the dependent claims based on claim 62 adds limitations that are similar to those discussed with regard to claims 55-61 and those arguments are applied to demonstrate the added non-obvious nature of claims 63-74.

The current invention has been defined in terms of a combination of steps and other aspects. The invention as a whole including all such steps and aspects must be considered in determining whether the claimed inventions would have been obvious to one of ordinary skill in the pertinent art. The long felt need for such an improvement underscores the non-obviousness of the defined inventions.

Favorable action on this application is appropriate and respectfully requested.

Respectfully Submitted,

Date: Dec. 21, 2004

  
Randy A. Gregory, Reg. No. 30,386